

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: John A. Russo
City Manager

Date: December 20, 2011

Re: Accept the Citywide Development Fee and FISC/Catellus Traffic Fee Report

BACKGROUND

The California Government Code requires local agencies with development impact fees to submit the fees for public review within 180 days after the end of each fiscal year. The annual review must include the following information:

- A brief description of the fee;
- The amount of the fee;
- The beginning and ending balance of the account or fund;
- The amount of the fees collected and the interest earned;
- An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees;
- An identification of an approximate date by which the construction of the public improvement will commence, if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement;
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan; and;
- The amount of unexpended revenues refunded.

DISCUSSION

The Public Works Department oversees the administration of two development impact fees: the Citywide Development Fee (CDF) and the FISC/Catellus Traffic Fee (TF).

Citywide Development Fee (CDF – Fund 340)

Description - The CDF, which became effective in February 2001, is charged to all new construction or intensification of use. The CDF is increased annually according to the San Francisco Bay Area Construction Cost Index.

Amount of the Fee - The CDF was adopted as part of Resolution 13314, passed by the City Council on February 6, 2001, and is charged based on the types, size and location of development. The fees were based upon related studies that were conducted prior to the adoption of the fees.

The studies and supporting documentation, presented as part of the resolution noted above, identify the public improvements that those fees will be used to finance. These studies also show that there is a reasonable relationship a) between the fees' use and the type of development project on which the fee is imposed, and b) between the need for the public facility and the type of development project on which the fee is imposed.

Financial Information - For FY10-11, the beginning balance of the CDF account was \$2,852,059. During the fiscal year, \$195,241 of fees were collected, \$74,106 was earned in interest, \$303,730 was received as transfers from other funds and \$16,390 of expenses were incurred for administration of the fee program and for other eligible projects. The ending balance in the CDF account for FY10-11 is \$3,408,746.

Expenditure of Fees - The CDF Program includes 54 separate capital improvement projects distributed among five categories for a total cost of \$99 million, in year 2000 dollars. The categories of capital improvements covered by the CDF are public safety, transportation and traffic safety, parks and recreation, public facilities, and administration.

The projects are identified in the Alameda CDF Nexus Study dated January 2001, on file with the City Clerk. Based upon the approved cost allocations, new development is responsible for 28% of the total costs. Existing development is responsible for the remaining 72%. When a project is initiated, the City is required to fund the share of the improvement costs attributed to existing development. Until sufficient funds are available to cover the cost of these large capital projects, fund balances will continue to increase. These projects are included in the deferred Capital Improvement Program (CIP) budget until such

time as sufficient funds have accrued to cover the costs. For FY10-11, \$72,000 in CDF monies were budgeted to fund the Mariner Square Drive Drainage project.

Interfund Transfer or Loan - There were no interfund transfers or loans made during FY10-11.

Refunded Unexpended Revenues - No unexpended revenues were refunded during FY10-11.

FISC/Catellus Traffic Fee (TF – Fund 310.1) :

Description - The FISC/Catellus Development was approved prior to the adoption of the CDF and, therefore, not required to pay CDF. As part of the development's traffic mitigation measures, however, payment of a Traffic Fee (TF) is required. The TF mitigates the transportation impacts identified in the Environmental Impact Report (EIR) for the Catellus project.

Amount of the Fee - A fee of \$2,674 is charged per residential unit. The amount is based upon the percentage share of Phase 1 residential 2020 trips as determined in the EIR.

Financial Information - For FY10-11, the beginning balance of the TF account was \$169,977. During the fiscal year, \$3,492 was earned in interest. The ending balance in the TF account is \$173,469.

Expenditure of Fees - The FISC/Catellus EIR identified 18 separate traffic mitigation measures included in the Mitigation Monitoring and Reporting Program for a total of \$18 million, of which \$1,296,804 is due to impacts from Phase 1 residential development. Phase 2 mitigations are under construction at this time. Remaining projects include funding a pro rata share of improvements to the Jackson/5th Street and Harrison/7th Street intersections in Oakland. Until sufficient funds are available from the forthcoming FISC/Catellus development and from existing West End developments to cover the cost of these large capital projects, these mitigation fund balances will continue to increase. These projects are included in the deferred CIP budget until such time as sufficient funds become available.

Construction Commencement Date - In accordance with state law, the local agency must first determine that sufficient funds have been received to complete the public improvement before a construction commencement date is provided.

Interfund Transfer or Loan - There were no interfund transfers or loans made during FY10-11.

Refunded Unexpended Revenues - No unexpended revenues were refunded during FY10-11.

FINANCIAL IMPACT

The CDF and TF provide funds to the City for the construction of specific capital improvements within the city, based on new development's proportionate share of impacts to the required improvement. The City is required to provide funding to cover the existing development's share of the improvements. These funds may be obtained from Redevelopment Funds, grants, or other City funding sources. The CDF and TF monies received from developers are deposited into special accounts, which can only be used for eligible purposes as specified when the fee was created.

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

This annual review is consistent with the requirements of Section 27 - Citywide Development Fee of the Alameda Municipal Code and California Government Code Section 66006.

RECOMMENDATION

Accept the annual review of the Citywide Development Fee and the FISC/Catellus Traffic Fee.

Respectfully submitted and approved as to funds and account,



Fred Marsh
Controller

Exhibit:

1. Public Works Impact Fee Fund Analysis

**Public Works Impact Fee Fund Balance Analysis
FY10-11**

City Wide Development Fee (Fund 340)

Beginning Balance	\$	2,852,059
Plus Revenues		195,241
Plus Interest Earnings		74,106
Plus Transfer from Other Funds		303,730
Less Expenses		<u>16,390</u>
Ending Balance	\$	<u>3,408,746</u>

FISC/Catellus Traffic Fee (Fund 310.1)

Beginning Balance	\$	169,977
Plus Revenues		
Plus Interest Earnings		3,492
Less Expenses		<u></u>
Ending Balance	\$	<u>173,469</u>